

# HOUSE BILL REPORT

## HB 2542

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### As Reported by House Committee On:

Health Care

**Title:** An act relating to subsidizing premiums for employer-sponsored insurance.

**Brief Description:** Providing for a subsidization of certain employer-sponsored health insurance plans.

**Sponsors:** Representatives Gombosky, Cody, Wood, Edwards, Kenney, Veloria and Schual-Berke.

### Brief History:

#### Committee Activity:

Health Care: 1/29/02, 2/7/02 [DPS].

#### Brief Summary of Substitute Bill

- Establishes pilot projects to determine the feasibility of using Basic Health Plan and medical assistance funds to subsidize employer-sponsored health insurance premiums.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Cody, Chair; Schual-Berke, Vice Chair; Conway, Darneille, Edwards and Ruderman.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Campbell, Ranking Minority Member; Alexander, Ballasiotes, Benson and Skinner.

**Staff:** Dave Knutson (786-7146).

### Background:

The Basic Health Plan offers subsidized health insurance coverage to approximately 125,000 people in Washington. The Plan contracts with and pays a managed health care system on behalf of enrollees, and collects premiums based on the enrollees income. Individuals eligible for medical assistance through the Medicaid Program receive their

health care services either through a fee-for-service arrangement or through a managed health care system. Neither program subsidizes employer-sponsored health insurance premiums for low-income employees.

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**Summary of Substitute Bill:**

The Basic Health Plan in the Health Care Authority and the Medical Assistance Program in the Department of Social and Health Services are required to identify and design pilot projects using public funds to subsidize premiums of employer-sponsored health insurance when it would be feasible to do so.

Entities, including organizations that have received funding through the Health Resources and Services Administration Community Access Program, may submit proposals to the Health Care Authority and the Department of Social and Health Services

**Substitute Bill Compared to Original Bill:**

The types of organizations that may submit pilot project proposals to the Health Care Authority (HCA) and the Department of Social and Health Services (DSHS) are increased. Pilot projects developed by the HCA and the DSHS may involve subsidizing employer sponsored insurance.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 28, 2002.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Greater flexibility in Basic Health Plan (BHP) and Medical Assistance funding is needed to help subsidize employer sponsored insurance.

**Testimony Against:** If subsidizing employer sponsored insurance means providing less coverage than the BHP, that will harm people eligible for the BHP. It is unclear what impact this would have on the business community or health carriers.

**Testified:** (Support) Dan Baumgarten, Health Improvement Partnership; and Brady Cass.

(Concerns) Ann Simons, UFCW; Nick Federici, Friends of the BHP; and Denny Eliason, Washington Association of Health Underwriters.

(Comments) Dennis Martin, Health Care Authority; and Roger Gantz, Department of

Social and Health Services.